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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Fifth Committee (Part II)

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I. Introduction

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 112 appear in the report of the Committee contained in document A/53/521.

2. The Fifth Committee resumed its consideration of the item at its 31st, 33rd, 38th to 42nd, 45th and resumed 45th meetings, on 20 and 23 November and on 1, 4, 7, 8, 10, 17 and 18 December 1998. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/53/SR.31, 33, 38–42 and 45).

3. In addition to the documents listed in A/53/521, the Committee had before it the following documents:

(a) Report of the Committee for Programme and Coordination on the work of its thirty-eighth session;[1]

(b) Report of the Secretary-General on a revolving credit fund (A/52/822) and related report of the Advisory Committee on Administrative and Budgetary Questions (A/53/645 and Corr.1 and 2);

(c) Report of the Secretary-General on the Guidelines for Internal Control Standards (A/52/867) and related report of the Advisory Committee on Administrative and Budgetary Questions (A/53/508);

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 16* (A/53/16).

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(d) Report of the Secretary-General on the proposed budget outline for the biennium 2000–2001 (A/53/220) and related report of the Advisory Committee on Administrative and Budgetary Questions (A/53/718 and Corr.1);

(e) Report of the Secretary-General on procurement reform (A/53/271 and Corr.1 and Add.1) and related report of the Advisory Committee on Administrative and Budgetary Questions (A/53/692);

(f) Report of the Secretary-General on results-based budgeting (A/53/500 and Add.1) and related report of the Advisory Committee on Administrative and Budgetary Questions (A/53/655);

(g) Report of the Secretary-General on procurement reform (A/C.5/52/46);

(h) Notes by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the programme and administrative practices of the secretariat of the International Trade Centre UNCTAD/WTO (A/51/933) and the comments of the Joint Inspection Unit thereon (A/52/575);

(i) Notes by the Secretary-General transmitting the report of the Joint Inspection Unit entitled "The challenge of outsourcing for the United Nations system" (A/52/338) and the comments of the Administrative Committee on Coordination thereon (A/52/338/Add.1);

(j) Notes by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the investigation into the alleged conflict of interest within the United Nations Centre for Human Settlements (Habitat) (A/52/339) and the comments of the Joint Inspection Unit thereon (A/52/339/Add.1);

(k) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audits of the regional commissions (A/52/776);

(l) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of programme management in the Crime Prevention and Criminal Justice Division (A/52/777);

(m) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of the second United Nations Conference on Human Settlements (A/52/821);

(n) Note by the Secretary-General on the impact of the implementation of pilot projects on budgetary practices and procedures (A/52/852);

(o) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the procurement of Lysol by the Office of the United Nations High Commissioner for Refugees (A/52/887);

(p) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the inquiry into allegations of insufficient use of expertise in procurement planning of aviation services in peacekeeping missions (A/52/1010);

(q) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of the commercial insurance programmes (A/52/1020);

(r) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of the United Nations health insurance programme (A/53/467);

(s) Note by the Secretary-General on the administrative arrangements for the International Trade Centre UNCTAD/WTO (A/C.5/53/38).

II. Consideration of proposals

A. Draft resolution A/C.5/53/L.35

4. At its resumed 45th meeting, on 18 December, the Committee had before it a draft resolution entitled "Results-based budgeting" (A/C.5/53/L.35), submitted by the Chairman following informal consultations.

5. At the same meeting, the Committee adopted draft resolution A/C.5/53/L.35 without a vote (see para. 18, draft resolution I).

B. Draft resolution A/C.5/53/L.33

6. At its resumed 45th meeting, on 18 December, the Committee had before it a draft resolution entitled "Proposed programme budget outline for the biennium 2000–2001" (A/C.5/53/L.33), submitted by the Chairman following informal consultations.

7. At the same meeting, the Committee adopted draft resolution A/C.5/53/L.33 without a vote (see para. 18, draft resolution II).

C. Draft decision proposed by the Chairman

8. At the 33rd meeting, on 23 November, the Chairman orally proposed a draft decision concerning a revolving credit fund, which the Committee adopted without a vote (see para. 19, draft decision I).

D. Draft decision proposed by the Chairman

9. At the 38th meeting, on 1 December, the Chairman orally proposed a draft decision concerning the administrative arrangements for the International Trade Centre UNCTAD/WTO, which the Committee adopted without a vote (see para. 19, draft decision II).

E. Draft decision A/C.5/53/L.30

10. At its resumed 45th meeting, on 18 December, the Committee had before it a draft decision entitled "Guidelines for Internal Control Standards" (A/C.5/53/L.30), submitted by the Chairman following informal consultations.

11. At the same meeting, the Committee adopted draft decision A/C.5/53/L.30 without a vote (see para. 19, draft decision III).

F. Draft decision A/C.5/53/L.31

12. At its resumed 45th meeting, on 18 December, the Committee had before it a draft decision entitled "Impact of the implementation of pilot projects on budgetary practices and procedures" (A/C.5/53/L.31), submitted by the Chairman following informal consultations.

13. At the same meeting, the Committee adopted draft decision A/C.5/53/L.31 without a vote (see para. 19, draft decision IV).

G. Draft decision A/C.5/53/L.29

14. At its resumed 45th meeting, on 18 December, the Committee had before it a draft decision entitled "Biennial programme of work of the Fifth Committee for 1999–2000" (A/C.5/53/L.29), submitted by the Chairman.

15. At the same meeting, the Committee adopted draft decision A/C.5/53/L.29 without a vote (see para. 19, draft decision V).

H. Draft decision A/C.5/53/L.28

16. At its resumed 45th meeting, on 18 December, the Committee had before it a draft decision entitled "Items for consideration by the Fifth Committee during the resumed fifty-third session of the General Assembly" (A/C.5/53/L.28), submitted by the Chairman.

17. At the same meeting, the Committee adopted draft decision A/C.5/53/L.28 without a vote (see para. 19, draft decision VI).

III. Recommendations of the Fifth Committee

18. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I

Results-based budgeting

The General Assembly,

Recalling its resolution 52/12 B of 19 December 1997 entitled "Renewing the United Nations: a programme for reform",

Having considered the report of the Secretary-General on results-based budgeting[2] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[3]

1. *Reaffirms* its resolution 41/213 of 19 December 1986;

2. *Reaffirms* the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, and the Financial Regulations and Rules of the United Nations, in particular financial regulation 4.5;

3. *Reaffirms* rule 153 of its rules of procedure;

[2] A/53/500 and Add.1.
[3] A/53/655.

4. *Reaffirms also* paragraph 21 of its resolution 51/221 B of 18 December 1996, in which it decided that no changes to the budget methodology, to established budgetary procedures and practices or to the financial regulations could be implemented without prior review and approval by the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions in accordance with agreed budgetary procedures;

5. *Stresses* that any proposal to be considered by the General Assembly on results-based budgeting should:

(a) Address the needs and reflect the characteristics of the United Nations;

(b) Not be a budget-reduction exercise;

(c) Not be a staff-reduction exercise;

6. *Decides* that the proposed programme budget for the biennium 2000–2001 should be prepared and submitted for its consideration in accordance with existing budgetary procedures and processes;

7. *Requests* the Secretary-General to submit to the General Assembly, through the Advisory Committee, the prototype fascicles, as recommended by the Advisory Committee in paragraph 4 of its report;[4]

8. *Further requests* the Secretary-General to submit to it, for consideration at its fifty-fourth session, through the Advisory Committee, a comprehensive and analytical report on his proposal on results-based budgeting, which should include, *inter alia*, the following elements:

(a) A comparative study of the present budgetary procedures and the proposed results-based budgeting, which should, *inter alia*, show very clearly the differences and similarities between the two;

(b) Justification for the proposed change from the present budgetary arrangements to results-based budgeting;

(c) Identification of weaknesses in the present budgetary procedures and in the Administration that hinder their implementation;

(d) Identification of measures needed to improve the current budgetary procedures;

(e) An indication of the regulations, procedures and information systems that should be in place if the proposal on results-based budgeting is approved by the General Assembly;

(f) Demonstration of the applicability of the concepts of results-based budgeting, including "expected results" and "performance indicators", for all sections of the programme budget of the United Nations;

(g) A sharper and clearer definition of the terms "objective", "output", "results", "performance indicator" and "performance measurement";

9. *Emphasizes* that Member States should continue to be fully involved, as at present, in the budgetary process, in accordance with existing United Nations regulations, rules and budgetary procedures;

10. *Decides* that, until the General Assembly decides otherwise, detailed information on posts and non-post requirements should continue to be provided to the General Assembly and the Advisory Committee to enable them to take appropriate and informed decisions on the budget proposals;

[4] A/53/655.

11. *Requests* the Joint Inspection Unit to undertake an analytical and comparative study of the experience of the bodies of the United Nations system that are implementing an approach similar to results-based budgeting and to submit its report no later than 31 August 1999;

12. *Requests* the Advisory Committee, when preparing its report on the proposed results-based budgeting, to take into account the report referred to in paragraph 11 above;

13. *Recognizes* the international, multilateral character of the Organization and emphasizes that quantitative expected results should not be the sole basis for justification of resource requirements;

14. *Stresses* the role of Member States in carrying out a thorough analysis of resource allocation to all sections of the programme budget;

15. *Requests* the Secretary-General, in the context of the above-mentioned comprehensive and analytical report, to take into account the provisions of the present resolution.

Draft resolution II

Proposed programme budget outline for the biennium 2000–2001

The General Assembly,

Reaffirming its resolution 41/213 of 19 December 1986, in which it, *inter alia*, requested the Secretary-General to submit in off-budget years an outline of the proposed programme budget for the following biennium,

Also reaffirming part VI of its resolution 45/248 B of 21 December 1990,

Further reaffirming rule 153 of its rules of procedure,

Having considered the report of the Secretary-General on the proposed programme budget outline for the biennium 2000–2001,[5] the related recommendations of the Committee for Programme and Coordination[6] and the recommendations of the Advisory Committee on Administrative and Budgetary Questions,[7]

Having also considered the report of the Secretary-General on issues related to additional expenditures, including those relating to the maintenance of peace and security, inflation and currency fluctuation,[8] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[9]

1. *Takes note* of the report of the Committee for Programme and Coordination[10] and the report of the Advisory Committee on Administrative and Budgetary Questions;[11]

2. *Reaffirms* that the outline of the proposed programme budget shall contain an indication of:

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[5] A/53/220.

[6] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 16* (A/53/16), part two, chap. II, para. 28.

[7] See A/53/718 and Corr.1.

[8] A/C.5/51/57.

[9] A/52/7/Add.2.

[10] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 16* (A/53/16).

[11] A/53/718 and Corr.1.

(a) A preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;

(b) Priorities reflecting general trends of a broad sectoral nature;

(c) Real growth, positive or negative, compared with the previous budget;

(d) The size of the contingency fund expressed as a percentage of the overall level of resources;

3. *Also reaffirms* that the outline should provide a greater level of predictability of resources required for the following biennium, promote a greater involvement of Member States in the budgetary process and thereby facilitate the broadest possible agreement on the programme budget;

4. *Notes* that the budget outline is a preliminary estimate of resources;

5. *Reaffirms* that the budget proposals of the Secretary-General should reflect resource levels commensurate with the mandates for their full, efficient and effective implementation;

6. *Emphasizes* the need for Member States to provide adequate resources for the full implementation of all mandated programmes and activities;

7. *Decides* that the anticipated reduction of 19.8 million United States dollars related to compensating economies should not be included in the budget outline for the biennium 2000–2001;

8. *Recognizes*, furthermore, that efforts to achieve efficient utilization of resources constitute an ongoing process and should not adversely affect the implementation of mandated programmes and activities;

9. *Endorses* the proposal of the Secretary-General in his report on additional expenditures[12] and the related recommendations of the Advisory Committee in its report,[13] that provision should be made in the budget outline for expenditures for special political missions related to peace and security expected to be extended or approved during the course of the biennium;

10. *Decides* that the preliminary estimate of resources for the proposed programme budget for the biennium 2000–2001 should therefore include a provision for special political missions, in the amount of 86.2 million dollars at revised 1998–1999 rates, which should be reflected in the proposed programme budget for the biennium 2000–2001, and that additional requirements shall continue to be treated in accordance with the provisions of General Assembly resolution 41/213;

11. *Invites* the Secretary-General to prepare his proposed programme budget for the biennium 2000–2001 on the basis of a total preliminary estimate of 2,545 million dollars at revised 1998–1999 rates;

12. *Decides* that the proposed programme budget for the biennium 2000–2001 shall contain provisions for recosting on the basis of the existing methodology;

13. *Reiterates* that the priorities for the biennium 2000–2001 as determined by the General Assembly in its resolution 51/219 of 18 December 1996 are the following:

(a) Maintenance of international peace and security;

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[12] A/C.5/51/57, para. 6.

[13] A/52/7/Add.2, para. 7.

(b) Promotion of sustained economic growth and sustainable development, in accordance with relevant General Assembly resolutions and recent United Nations conferences;

(c) Development of Africa;

(d) Promotion of human rights;

(e) Effective coordination of humanitarian assistance efforts;

(f) Promotion of justice and international law;

(g) Disarmament;

(h) Drug control, crime prevention and combating international terrorism in all its forms and manifestations;

14. *Reiterates its request* to the Secretary-General, in the proposed programme budget for the biennium 2000–2001, to submit the total amount of resources that he should have at his disposal, from all sources of financing, in order to implement fully all mandated programmes and activities;

15. *Decides* that the contingency fund shall be set at the level of 0.75 per cent of the preliminary estimate, namely at 19.1 million dollars, and that this amount is in addition to the overall level of the preliminary estimate and is to be used in accordance with the procedures for the use and operation of the contingency fund.

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19. The Committee also recommends to the General Assembly the adoption of the following draft decisions:

Draft decision I

Revolving credit fund

The General Assembly takes note of the report of the Secretary-General on a revolving credit fund[14] and the observations of the Advisory Committee on Administrative and Budgetary Questions thereon,[15] and decides to resume consideration of the question of the revolving credit fund at its fifty-fourth session.

Draft decision II

Administrative arrangements for the International Trade Centre UNCTAD/WTO

The General Assembly takes note of the note by the Secretary-General on the administrative arrangements for the International Trade Centre UNCTAD/WTO, as orally revised,[16] and endorses the administrative arrangements for the International Trade Centre UNCTAD/WTO, as set out in paragraph 11 of the report of the Advisory Committee on Administrative and Budgetary Questions.[17]

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[14] A/52/822.

[15] A/53/645 and Corr.1 and 2.

[16] A/C.5/53/38; see also A/C.5/53/SR.38.

[17] A/53/7/Add.3.

Draft decision III

Guidelines for Internal Control Standards

The General Assembly decides to take note of the report of the Secretary-General on the Guidelines for Internal Control Standards[18] and to endorse the observations and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions,[19] and, in this context, requests the Secretary-General to submit a report to the General Assembly at its fifty-fourth session, through the Board of Auditors and the Advisory Committee, taking into account the Guidelines for Internal Control Standards approved by the International Organization of Supreme Audit Institutions, as appropriate.

Draft decision IV

Impact of the implementation of pilot projects on budgetary practices and procedures

The General Assembly decides to resume its consideration of the question of the impact of the implementation of pilot projects on budgetary practices and procedures at its resumed fifty-third session, and requests the Secretary-General to submit to it at that session the additional information recommended by the Advisory Committee on Administrative and Budgetary Questions.[20]

Draft decision V

Biennial programme of work of the Fifth Committee for 1999–2000

The General Assembly, in accordance with paragraph 6 of its resolution 46/220 of 20 December 1991, approves the bienniai programme of work of the Fifth Committee for 1999–2000, annexed to the present decision.

Annex

Biennial programme of work of the Fifth Committee for 1999–2000

A. Programme of work for 1999

1. Review of the efficiency of the administrative and financial functioning of the United Nations
2. Programme budget for the biennium 1998–1999
3. Proposed programme budget for the biennium 2000–2001
4. Improving the financial situation of the United Nations
5. Joint Inspection Unit
6. Pattern of conferences

[18] A/52/867.

[19] A/53/508.

[20] See A/C.5/53/SR.39.

7. Scale of assessments for the apportionment of the expenses of the United Nations
8. United Nations common system
9. Report of the Secretary-General on the activities of the Office of Internal Oversight Services
10. Financing of the United Nations peacekeeping operations
11. Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations
12. Report of the Economic and Social Council
13. Appointments to fill vacancies in subsidiary organs and other appointments

B. Programme of work for 2000

1. Financial reports and audited financial statements, and reports of the Board of Auditors
2. Review of the efficiency of the administrative and financial functioning of the United Nations
3. Programme budget for the biennium 2000–2001
4. Programme planning
5. Improving the financial situation of the United Nations
6. Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency
7. Pattern of conferences
8. Scale of assessments for the apportionment of the expenses of the United Nations
9. Human resources management
10. United Nations common system
11. United Nations pension system
12. Report of the Secretary-General on the activities of the Office of Internal Oversight Services
13. Financing of the United Nations peacekeeping operations
14. Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations
15. Report of the Economic and Social Council
16. Appointments to fill vacancies in subsidiary organs and other appointments

Draft decision VI

Items for consideration by the Fifth Committee during the resumed fifty-third session of the General Assembly

The General Assembly decides that the Fifth Committee should continue its consideration of the following agenda items and relevant reports at its resumed fifty-third session:

Item 111: Financial reports and audited financial statements, and reports of the Board of Auditors;

Item 112: Review of the efficiency of the administrative and financial functioning of the United Nations;

Item 113: Programme budget for the biennium 1998–1999;

Item 114: Programme planning;

Item 115: Improving the financial situation of the United Nations;

Item 117: Pattern of conferences;

Item 118: Scale of assessments for the apportionment of the expenses of the United Nations;

Item 119: Human resources management;

Item 120: United Nations common system;

Item 122: Financing of the United Nations peacekeeping forces in the Middle East:

(a) United Nations Disengagement Observer Force;

(b) United Nations Interim Force in Lebanon;

Item 123: Financing of the United Nations Angola Verification Mission and the United Nations Observer Mission in Angola;

Item 124: Financing of the activities arising from Security Council resolution 687 (1991):

(a) United Nations Iraq-Kuwait Observation Mission;

(b) Other activities;

Item 125: Financing of the United Nations Mission for the Referendum in Western Sahara;

Item 126: Financing and liquidation of the United Nations Transitional Authority in Cambodia;

Item 127: Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters;

Item 128: Financing of the United Nations Operation in Somalia II;

Item 129: Financing of the United Nations Operation in Mozambique;

Item 130: Financing of the United Nations Peacekeeping Force in Cyprus;

Item 131: Financing of the United Nations Observer Mission in Georgia;

Item 132: Financing of the United Nations Mission in Haiti;

Item 133: Financing of the United Nations Observer Mission in Liberia;

Item 134: Financing of the United Nations Assistance Mission for Rwanda;

Item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991;

Item 136: Financing of the United Nations Mission of Observers in Tajikistan;

Item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994;

Item 138: Financing of the United Nations Mission in Bosnia and Herzegovina;

Item 139: Financing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the Civilian Police Support Group;

Item 140: Financing of the United Nations Preventive Deployment Force;

Item 141: Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti;

Item 142: Financing of the Military Observer Group of the United Nations Verification Mission in Guatemala;

Item 143: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations:

(a) Financing of the United Nations peacekeeping operations;

(b) Relocation of Ukraine to the group of Member States set out in paragraph 3 (c) of General Assembly resolution 43/232;

Item 144: Report of the Secretary-General on the activities of the Office of Internal Oversight Services;

Item 145: Review of the implementation of General Assembly resolution 48/218 B;

Item 161: Financing of the United Nations Mission in the Central African Republic;

Item 163: Financing of the United Nations Observer Mission in Sierra Leone;

Item 165: Joint Inspection Unit.